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COMMANDER
HELICOPTER TACTICAL WING
U.S. PACIFIC FLEET
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COMHELTACWINGPACINST 4200.2B
N13

JUN 08 1999

COMHELTACWINGPAC INSTRUCTION 4200.2B

Subj: NAVSUP COMMERCIAL PURCHASE CARD POLICIES AND PROCEDURES

Ref: (a) NAVSUP 4200.85 Series Instruction
(b) Federal Acquisition Regulations (FAR)
(c) Defense Federal Acquisition Regulation Supplement (DFARS)
(d) Navy Acquisition Procedures Supplement (NAPS)
(e) COMNAVAIRPACINST 7300.2A

Encl: (1) Purchase Card Policies and Procedures
(2) Purchase Request Form
(3) Micro-purchase Worksheet
(4) Government-wide Commercial Purchase Card Order Log

1. Purpose. To promulgate instructions for the effective management and control of the Government-wide Commercial Purchase Card (GCPC) Program.
2. Cancellation. COMHELTACWINGPACINST 4200.2A.
3. Scope. This instruction applies to all COMHELTACWINGPAC personnel.
4. Discussion. In 1998, the General Services Administration (GSA) awarded a contract for Government-wide Commercial Purchase Card services and the Navy issued its delivery order to CITIBANK. The contract provided, at the request of federal ordering agencies, for civilian and military government employees to make purchases for official government use. The purchase card is designed to save the government time and money in the procurement process.

5. Action

a. All personnel involved in the Government-wide Commercial Purchase Card Program will ensure the program is administered per references (a) through (d) and this instruction.

b. Cardholders will use the purchase card to procure material and services authorized by references (a) through (e) and this instruction.

c. Enclosures (1) through (4) will be used to properly document transactions using the purchase card.


D. A. MAWHINNEY

Distribution:
COMHELTACWINGPACINST 5216.1C (CH-1)
List I

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CHAPTER 1

INTRODUCTION

101. Program Overview. The Commercial Purchase Card (CPC) Program is intended to improve the efficiency of the purchasing and payment process through reduced paperwork, prompt receipt of items, and reduced number of invoices.

102. General. Effective 30 November 1998, the General Services Administration (GSA), Federal Supply Service (FSS), awarded a new contract for Government-wide Commercial Credit Card Services to CITIBANK. The contract provides commercial cards associated with purchases of supplies and services for civilian and military employees to make purchases for official government use per references (a) through (d). The card may also be used to order directly from government sources. Without exception, the commercial card will only be used for authorized U.S. Government purchases.

103. Key Terms. The following key terms from reference (a) are defined:

a. Head of Contracting Activity (HCA). The HCA for the CPC Program is COMNAVSUPSYSCOM. Fleet Industrial Supply Center (FISC) San Diego is the COMNAVSUPSYSCOM point of contact, and delegates contracting authority to COMHELTACWINGPAC. FISC will also conduct periodic reviews in the management of the program.

b. Agency Program Coordinator (APC). The APC will oversee the CPC program and establish program guidelines. The APC coordinates applications for cards, issuance and destruction of cards, reports, and administrative training. The APC also serves as liaison between COMHELTACWINGPAC, CITIBANK, and the GSA Contracting Officer. Mr. Tony Tolentino, COMHELTACWINGPAC's Budget Analyst, is assigned as the APC. His mailing address is COMHELTACWINGPAC, ATTN: CODE N13, Box 357123, San Diego, CA 92135-7123. He can be reached at phone number (619) 545-5274.

c. Approving Official (AO). An AO is responsible for reviewing and certifying one or more cardholder's monthly statements to ensure purchases are made in accordance with references (a) through (d) and local directives. An AO will enforce these internal procedures and initiate administrative and disciplinary procedures for misuse of the card. An AO will be designated in writing by the Project Officer.

d. Cardholder. The cardholder is the individual to whom a card is issued. The card bears the individual's name and will only be used by the individual to pay for authorized U. S. Government purchases. Prior to making purchases, the cardholder must receive a delegation of authority from the Commander. The delegation will specify the single purchase limit, the billing cycle purchase limit and the transaction types authorized. The command may have more than one cardholder assigned.

e. Purchase Card Certifying Officer. The Purchase Card Certifying Officer (PCCO) is a military or civilian employee appointed in writing to certify the official invoice for payment. The Approving Official will act as the PCCO. The PCCO responsibilities include the following:

(1) Ensuring that the transactions meet the legal requirements for authorized card purchases;

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(2) Ensuring that adequate documents are available for individual transactions

(3) Ensuring the facts presented in documents for payment are complete and accurate

(4) Taking appropriate action to prevent two or more payments for same transaction

(5) Proper implementation of dispute procedures when transactions are questioned

(6) Certifying the official invoice and forwarding of payment

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CHAPTER 2

GENERAL GUIDELINES AND INFORMATION ON THE USE OF THE COMMERCIAL PURCHASE CARD

201. Training. Prospective cardholders and the AO will be familiar with this instruction prior to assuming their duties. Prospective cardholders and the AO should also receive one of the following training courses: 1) NAVSUP Commercial Purchase Card Course for Micro-Purchasers; 2) GSA CD-ROM training; or 3) Internet training at NAVSUP HMTL page. The APC will arrange training for all concerned through FISC. Refresher training is required at least every three years to ensure compliance and understanding of contracting authority and local operating procedures.

202. Dollar Limits. Use of the purchase card by cardholders is subject to a single purchase limit, a monthly cardholder limit, and a billing cycle office limit. The limits will be delineated in the letters of designation of each cardholder and each AO. The limits are as follows:

a. Single Purchase Limit. The single purchase limit is a limitation on the procurement authority delegated to the cardholder. This dollar limit cannot be exceeded unless a revised delegation of authority to raise the limit is issued. Single purchase limit is \$2,500, open market, and \$100,000 under GSA/FSS contracts.

b. Billing Cycle Purchase Limit. The billing cycle cardholder limit is a budgetary limit assigned to each cardholder. The total dollar value of purchases when using the card for any billing cycle shall not exceed the billing cycle purchase limit set for the cardholder.

c. Billing Cycle Office Limit. The billing cycle office limit is a budgetary limit established for each AO. The sum of each AO's monthly purchase limits shall not exceed the billing cycle office limit.

203. Setting Up the CITIBANK Account. CITIBANK will provide the APC with all required cardholder and AO account forms. The APC will complete the forms and submit them to CITIBANK for processing.

204. Merchant Code. When issuing this card to a cardholder, merchant category codes will be established by the APC and shall be incorporated in the card.

205. Card Security. The unique CITIBANK card has the cardholder's name embossed on it and may be used only by the person. The card is specially designed showing the seal of the United States and the words "United States of America" imprinted to avoid being mistaken as a personal credit card. It is the cardholder's responsibility to safeguard the purchase card and account number at all times.

206. Card Management. Cardholder should immediately contact CITIBANK if the card is lost or stolen. The cardholder must also notify his AO within one working day after discovering the missing card. The AO shall submit a written report to the APC within one workday. The report will include the following:

- a. Card number
- b. Cardholder's full name
- c. Date and location of the loss

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- d. If stolen, date reported to the police
- e. Date and time CITIBANK was notified
- f. Any purchases made on the day the card was lost or stolen
- g. Any other pertinent information

A card that is subsequently found after being reported lost or stolen will be destroyed and reported to CITIBANK. Upon separation or transfer of a cardholder, the cardholder must surrender the card to the AO or the APC. The APC will notify CITIBANK to cancel the account.

207. Standards of Conduct. All personnel involved in the CPC program hold a public trust; their conduct must meet the highest ethical standards. All cardholders will use this card only to purchase supplies within the guidance of this program. Cardholders and AO's acknowledge that making false statements on purchase card records may result in disciplinary action. All individuals will receive annual standards of conduct training and certify that they will comply with all the standards.

208. Unauthorized Use. "Unauthorized Use" is defined as the use of a purchase card by any person other than the cardholder whose name appears on the purchase card. "Unauthorized Use" also means use of a purchase card by a cardholder that exceeds his delegation of authority. COMHELTACWINGPAC is not liable for any unauthorized use of the CITIBANK card. A cardholder that makes unauthorized purchases or carelessly uses the card may be liable to COMHELTACWINGPAC for the total dollar amount of unauthorized purchases made in connection with the misuse or negligence. Also, the cardholder may be subject to disciplinary action for unauthorized or careless use.

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CHAPTER 3

PURCHASE REQUEST

301. Requisitioner's Responsibilities. Before buying any supplies from a commercial vendor or merchant, the cardholder must receive a properly approved purchase request from the requisitioner. The requisitioner should complete the following steps:

- a. Ensure all necessary research and requirements are completed prior to requesting the purchase, such as items requiring special approval
- b. Plan on the replenishment of known recurring requirements
- c. Consolidate similar or like requirements and not split known requirements into separate purchase requests in order to fall within dollar limits
- d. Complete enclosure (2), the local form for purchase requests

302. Purchase Request Form. At the minimum, the Purchase Request Form will contain the following information:

- a. Date of request
- b. For each line item, a description (see paragraph 303) with quantity, unit of issue, an estimated unit price and extended amount
- c. Estimated total amount
- d. Delivery information
- e. Authorizing Official signature
- f. Approving Official signature

303. Item Description. The description of an item provided by the requisitioner should be either an "adequate generic purchase description" or a "brand name or equal purchase description."

a. Adequate Generic Purchase Description. An adequate commercial purchase description should set forth the minimum essential physical and functional characteristics as follows:

- (1) Common nomenclature
- (2) Kind of material
- (3) Electrical data, if any
- (4) Dimensions, size, or capacity
- (5) Principles of operation
- (6) Intended use
- (7) Restrictive environmental conditions

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b. Brand Name or Equal Purchase Description. Unless the requisitioner provides a written justification to limit the purchase to one brand name product, the minimum acceptable purchase description must include:

(1) All known brands that meet requirement

(2) Essential physical, functional, or other characteristics of that brand name product(s)

When a vendor quotes on an "equal product," the vendor must clearly identify the item and provide literature for the requisitioner to review. If the product is not equal, the requisitioner must submit a written determination explaining why the "or equal" product is not acceptable.

304. Screening for Required Supply Sources. As a statutory source of supply requirements, the cardholder will ensure that purchases reflect evidence of Federal Prison Industries (FPI) and Non-profit Agencies Employing People who are Blind or Severely Disabled (NIB/NISH) screening. Information may be documented on the Micro-purchase Worksheet, enclosure (3).

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CHAPTER 4

USING THE CARD

401. General Purchase Guidelines. Prior to soliciting a quotation, the cardholder must ensure that sufficient funds are available. The cardholder will use the purchase card to purchase material authorized by reference (e). The cardholder will use enclosure (3), the micro-purchase worksheet, to record all information about the purchase. Backordering or delivering partial quantities should be avoided. If an item must be backordered or a partial quantity accepted, the merchant must agree to only bill for the actual quantity shipped.

402. "Don't Buy" List. The cardholder will ensure the purchase card is not used for the following:

- a. Cash advances from a bank teller or automated teller machine
- b. Classified requirements
- c. Foreign Military Sales (FMS) requirements
- d. Fuel, gasoline or oil for vehicles
- e. Hazardous materials, with the exception of "commonly used" office supplies such as toners, printer cartridges, batteries, etc)
- f. Construction projects, engineering, facility support
- g. Rental or lease of buildings or land
- h. Rental or lease of motor vehicles, whether or not on official travel
- i. Repair of GSA leased vehicles
- j. Supplies, equipment, or any item made to military or federal specifications by a commercial contractor
- k. Telecommunications services (This refers to major systems such as FTS 2000. Short-term services such as rental of beepers are allowable.)
- l. Travel expenses for transportation, lodging, or meals
- m. Unpriced services unless the cardholder can establish a ceiling price that will not be exceeded by the contractor (This authority is limited to services in which commercial practice sets market prices for services, and those market prices are identified in the cardholders' documentation along with the ceiling price established)
- n. Furniture, lumber, and other "building material", included in the base operating support (BOS) agreement with the station

403. Source Selection. Requirements for micro-purchase will not be broken down into several purchases that are less than or equal to \$2,500 in order to permit purchase under this procedure. Use the following to find sources in the local trade area:

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- a. Local phone book
- b. Chamber of Commerce, Better Business Bureau, or County/State Business licensing Offices
- c. Small Business Administration office
- d. Local newspapers, advertising flyers or trade publications

404. Soliciting Quotations. The preferred method of obtaining a quotation is orally over the phone. When calling a vendor or merchant, the cardholder must do the following:

- a. Explain that he/she is seeking a quotation for items that may be purchased with the Government-wide Commercial Purchase Card
- b. Completely describe the item(s) and identify known specific makes and models that meet the requirement
- c. Identify the quantity
- d. Identify any special information
- e. Identify when the command needs the item(s)--must be within 30 days of the order. Requirements can exceed 30 days for continuing services (i.e., pager service, copier rental, etc.)
- f. Avoid back ordering (If an item must be back ordered or a partial quantity accepted, the merchant must agree to bill only for the actual quantity shipped)
- g. Free On Board (FOB) destination transportation terms are preferred, but ask what the company's standard delivery terms or policies are
- h. Inform the vendor that purchases are tax exempt
- i. Do not discuss how much money is available to spend
- j. Do not discuss other sources that are also being solicited
- k. Give the contractor a deadline for submitting the quotation

405. Recording the Quotation. The cardholder will record all the information the contractor provides on the Micro-purchase Worksheet, enclosure (3), and attach any quotations with it.

406. Evaluating the Quotation. If the contractor quotes on products that meet the requirements, can provide the quantities needed by the required delivery date, and quotes prices, including freight charges, that are within purchase authority and are fair and reasonable, the buy can be made without soliciting any other quotes. Although competition is not always required, micro-purchases should be equitably distributed among qualified sources before placing a repeat order.

407. Making the Buy. Once the cardholder determines that the merchant's price is fair and reasonable, the cardholder may proceed to purchase the supplies. To avoid fraud, waste and abuse and other Government liability issues, the preferred way to use the card is to place a phone order and have the contractor deliver the shipment to a location at the command by the

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required delivery date. However, over-the-counter buys are authorized if circumstances warrant such use of the card. Only the cardholder is authorized to call contractors and place orders, or make over-the-counter buys.

408. Over-the-Phone Orders. The cardholder should do the following steps in making over-the-phone orders:

- a. Repeat all information that was submitted in the quotation
- b. Remind the merchant that partial deliveries or back orders are not authorized
- c. Tell the merchant to deliver, or have available for pick up, the item(s) no later than 30 days from the date of the order
- d. Tell the merchant not to include the purchase card account number on any shipping document or packing list
- e. Tell the merchant to include the following information on the shipping document or packing list:
 - (1) Merchant's name and address
 - (2) Annotation to forward document to the cardholder by name and code
 - (3) Date of the order
 - (4) Date of delivery or shipment
 - (5) Itemized list of supplies furnished, including quantity, unit price and total price
- f. Tell the merchant to write "PURCHASE CARD" on the outside of the packaging of the item.
- g. Remind the merchant that the buy is exempt from sales taxes.
- h. If the item(s) will be picked up at the vendor's location, identify the individuals who are authorized to pick up the order and require the contractor to ask for identification.
- i. Record all ordering and follow-up information on the cardholder's Micro-purchase Worksheet, enclosure (3), to include details of all phone calls to the vendor.

409. Over-the-Counter Buys. Only the cardholder may make over-the-counter buys. The cardholder will go to the selected vendor, purchase the item(s) discussed in the quotation process, and obtain a receipt.

410. Picking Up of Material. In order to protect the integrity of the process, whether the purchase is made over-the-counter or over-the-phone, a minimum of two-way separation of function is required. If the cardholder is picking up material at a contractor's place of business, the end user should sign for final receipt. In the event that the cardholder is the end user, another designated individual must sign for receipt.

411. Use of Monthly Order Log. All card purchases will be recorded using the monthly Government-wide Commercial Purchase Card Order Log, enclosure (4).

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Log entries must be made after the buy is recorded on the Micro-Purchase Worksheet, enclosure (3). Additionally, this log will be used to identify charges during the reconciliation process.

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CHAPTER 5

RECEIPT, INSPECTION, AND ACCEPTANCE

501. Documentation. Any time a transaction is made using the card, whether it is done over-the-counter or by telephone, a document shall be retained as proof of purchase. These documents should later be used to verify the transactions shown on the cardholder monthly statement. Additionally, all transactions will be recorded on the monthly Government-wide Commercial Purchase Card Order Log, enclosure (4).

502. Over-the-Phone Order Receipt Procedures. The vendor must provide a shipping document or packing list as discussed in paragraph 408. A person other than the cardholder, must inspect and accept the supplies. If a person is picking up the order, inspection must take place prior to taking possession of the item(s). The receiver will sign and date the shipping document or packing list, annotate any discrepancies, and forward it to the cardholder. The cardholder will retain all documentation of purchases within a billing cycle until the statement for that billing cycle arrives in the mail.

503. Over-the-Counter Order Receipt Procedures. The cardholder should inspect the item(s) before taking possession. As discussed in paragraph 409, the cardholder will obtain a receipt from the vendor. The cardholder must deliver the item(s) to another person in the command for inspection and acceptance (preferably the end user). The receiver will sign and date the receipt, and return it to the cardholder. The cardholder will retain all documentation of purchases within a billing cycle until the statement for that billing cycle arrives in the mail.

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CHAPTER 7

REVIEW REQUIREMENTS

701. Documentation Disposition. Purchase files must be retained for three years after payment is made. Each monthly statement should be filed with documentation to support each transaction on the statement, including the following:

- a. Adequately prepared and approved purchase request
- b. Documentation of solicitation and award
- c. Signed and dated receipt/acceptance

702. Internal Review. The APC and the AO will conduct a semi-annual review of the CPC Program including all transactions and associated documentation. A memorandum documenting the findings will be forwarded to the Commander. Areas that will be considered for internal review include the following:

- a. Review of Internal Operating Procedures to ensure compliance with applicable directives
- b. Compliance with applicable training requirements
- c. Approving Officials and Cardholders are properly delegated authority in writing
- d. Review to ensure Cardholders are not exceeding purchase limits established in their letters of appointment
- e. Purchase cards are being used per reference (a) and appropriate action is being taken when misuse of cards is identified
- f. Procedures are in place within the activity to ensure separation of function and that Cardholders are following prescribed procedures
- g. Cardholders and other responsible individuals are screening requisitions for mandatory sources
- h. Special approvals, such as Federal Information Processing (FIP) approvals, are being obtained as identified in reference (a)
- i. Procedures are in place to ensure adequate and proper funding is provided for each purchase
- j. Cardholders are following the proper procedures for solicitation and award
- k. There is no evidence of splitting requirements to circumvent dollar thresholds
- l. Documentation in purchase card transaction files includes the requisition, required approval, evidence of screening, solicitation documentation, evidence of award, receipt, inspection, and acceptance.
- m. Cardholders are rotating business sources

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n. Cardholder statements are reconciled in a timely manner. Cardholders and Approving Officials are processing statements within the required time frames. Steps are being taken to resolve questions promptly in order to avoid disputes.

o. The Approving Official is reviewing monthly statements of all Cardholders and verifying that purchases are necessary and in accordance with regulations, instructions, and procedures.

p. The Agency Program Coordinator and the Purchase Card Certifying Officer with the applicable cardholders review disputed transaction status reports, and ensure timely submission and appropriate procedures are being followed.

q. The Agency Program Coordinator and the Purchase Card Certifying review invoice status reports, and address delinquent invoices, ensuring outstanding issues are resolved and proper action is taken to pay late invoices; and

r. It is verified that only minimum needs are being acquired.

703. Procurement Management Review (PMR). The APC and AO will ensure a semi-annual Purchase Card Program Review is conducted. Additionally, an annual report will be submitted to the Regional Procurement Management (RPM) Division. This report will be the basis for the annual desk review to be conducted by the RPM Division.

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PURCHASE REQUEST FORM

1. This Request Form is for Local Use Only.		2. Document Number:	
3. Priority:	4. Date Requested:	5. Date Material Required:	
6. From: Budget Division		7. For Details Contact:	
8. To: APPROVING OFFICIAL, COMHELTACWINGPAC, SAN DIEGO, CA			
9. Material Requirement: Staff Support			

A. ACRN	B. ITEM NO.	D. Description (NSN, NIIN, PN, DRAWING NO.)	E. QTY	F. UNIT	G. Estimated Unit Price	H. Estimated Total Amount
10. Total price will not include sales tax.				I. Grand Total:		
11. Delivery Information:						
12. Authorizing Official (Name, Title, and Signature)					Date:	
13. AIS Officer Endorsement (For Non-Consumable ADP Matls Only)					Date:	
14. Approving Official (Name, Title, and Signature)					Date:	

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GOVERNMENT-WIDE COMMERCIAL PURCHASE CARD ORDER LOG

CARDHOLDER'S NAME: _____

For Month of: _____

Billing Cycle Limit Starting Balance: \$_____

[illegible]